

Message Text

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61

ACTION EA-14

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FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 517

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INFO AMCONSUL HONG KONG

C O N F I D E N T I A L TAIPEI 7695?

STATE PASS EXIM BANK

HONG KONG PASS RAND EXIM

EO 11652 GDS

TAGS ETRN TW

SUBJECT: TAIWAN RAILWAY ELECTRIFICATION PROJECT

REF TAIPEI 7685

1. EMBASSY HAS BEEN INFORMED THAT PROPOSALS SUBMITTED BY GEC AND GE/MK/IECO WERE DISCUSSED AT MEETING OF EXECUTIVE YUAN (CABINET) DECEMBER 20 BUT OWING TO DISAGREEMENTS AMONG MINISTERS, NO DECISIONS WERE REACHED. AT CONCLUSION OF MEETING PREMIER APPOINTED COMMITTEE HEADED BY K.H. YU, GOVERNOR OF CENTRAL BANK, TO REVIEW PROPOSALS AGAIN AND TO MAKE FIRM RECOMMENDATIONS FOR FURTHER CONSIDERATION OF CABINET. OTHER MEMBERS OF COMMITTEE ARE MINISTER OF ECONOMIC AFFAIRS Y.S. SUN, MINISTER OF FINANCE K.T. LI, MINISTER OF COMMUNICATIONS HENRY KAO AND SECRETARY-GENERAL OF CABINET WALTER FEI. COMMITTEE MET DECEMBER 21 WITH T. N. CHEN, MANAGING DIRECTOR OF TAIWAN RAILWAY ADMINISTRATION (TRA). CHEN REPORTEDLY CAME OUT VERY STRONGLY IN FAVOR GEC PROPOSAL, MINISTERS SUN AND LI REPORTEDLY SUPPORTED GE/MK/IECO PROPOSAL AND GOVERNOR YU, MINISTER KAO AND SECRETARY GENERAL FEI REPORTEDLY CAME OUT NEITHER FOR NOR AGAINST EITHER
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PROPOSAL. ONLY DECISION COMMITTEE REACHED WAS TO MEET

AGAIN DECEMBER 24 TO CONSIDER MATTER FURTHER.

2. AT DECEMBER 24 MEETING, TO WHICH CHEN WAS NOT INVITED, DECISION WAS REACHED TO PREPARE RECOMMENDATIONS TO CABINET BASED ON ACCEPTAN*E ELEMENTS BOTH GEC AND GE/MK/IECO PROPOSALS. COMMITTEE GAVE GOVERNOR*YU AUTHORITY TO WORK OUT DETAILS F PACKAG WITH TRA. COMMITTEE APPROVED YU'S RECOMMENDATIONS DECEMBER 27 AND AS REPORTED IN REFTEL IT IS ANTICIPATED THEY WILL BE SUBMITTED TO CABINET FOR FINAL APPROVAL ON JANUARY 3.

3. EMBOFFS DISCUSSED COMMITTEE RECOMMENDATIONS IN ENERAL TERMS WITH TON ANDRSON OF GE ON DECEMBER 28. ANDERSON WAS CALLING FROM*US TO INQUIRE ABOUT STATUS OF PROJECT. IN HIS OPINION, GE WILL HAVE ABSOLUTELY NO INTEREST IN GROUP C AT ANY PRICE UNLESS IT ALSO RECEIVES SOMETHING FROM GROUP A. IN FACT, THIS WAS STATED IN THE GE/MK/IECO PROPOSAL. GE WILL NOT BE PERSUADED BY A VAGUE PROMISE TO PURCHASE GE LOCOMOTIVES AT SOME UNDEFINED LATER DATE. MCCONAUGHY

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Message Attributes

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